

TITLE 299 - NEBRASKA REAL ESTATE COMMISSION

**CHAPTER 8 - ERRORS AND OMISSIONS INSURANCE: CERTIFICATE OF INSURANCE;
GROUP PLAN; TERMS AND CONDITIONS; EQUIVALENT INSURANCE;
FAILURE TO COMPLY; SANCTIONS.**

001. Every licensee under the Nebraska Real Estate License Act, except an inactive broker or inactive salesperson, shall have in effect a policy of Errors and Omissions Insurance to cover all activities contemplated under the Nebraska Real Estate License Act, and shall certify such coverage to the Commission in the form and manner prescribed in Section 002 of this Chapter. Licensees covered under the Group Plan provided for under Section 003 of this Chapter shall be deemed to have satisfied the certification requirement upon written certification from the Group Plan Administrator of coverage thereunder.

002. The certificate of coverage, as provided for in Section 001 of this Chapter for licensees obtaining the equivalent coverage specified in Section 004 of this Chapter, shall be signed by an authorized agent or employee of the insurance carrier and shall be in the following form:

NEBRASKA REAL ESTATE COMMISSION
CERTIFICATION OF COVERAGE
UNDER NEB. REV. STAT. SECTION 81-885.55
AND
299 N.A.C. CHAPTER 8

I hereby certify that the insurance company listed below has at least a "B+" rating from the A.M. Best Company Insurance Rating Service and maintains an AM Best Financial Size Category of Class VI or higher. I further certify that:

INSURED NAME:

LICENSE IDENTIFICATION NUMBER:

REAL ESTATE
COMPANY NAME:

ADDRESS:

POLICY NO.:

INSURANCE AGENT:

ADDRESS:

INSURANCE CO.:

ADDRESS:

POLICY DATES: Effective: _____ Expiration:

SPECIFY WHETHER BLANKET OR INDIVIDUAL POLICY:

is insured against claims resulting from real estate licensee's errors and omissions and the above-referenced policy includes, at a minimum, the standards set forth in 299 N.A.C. Chapter 8 and the Nebraska Real Estate License Act.

It is further understood and agreed that coverage for the person(s) insured by this policy may not be terminated, cancelled, lapsed, or non-renewed, regardless of cause or reason, without the Company having provided the Director of the Nebraska Real Estate Commission with ten (10) days prior written notice.

SIGNATURE: _____ DATE:
(Insurance Representative)

TITLE:

003. The Commission shall make available to all licensees, subject to availability from a qualified insurance carrier, a policy of Errors and Omissions Insurance under a Group Plan secured by the Commission.

003.01 For the purposes of this section, a "qualified insurance carrier" shall mean an insurance carrier:

- a. which, for the entire term of its contract to provide the Group Plan of Errors and Omissions Insurance contemplated by this Chapter, maintains an A.M. Best Company rating of "B+" or better, and an AM Best Financial Size Category of Class VI or higher;

- b. which is and will remain for the policy term duly authorized by the State of Nebraska Department of Insurance to do business in the State of Nebraska as an insurance carrier;
- c. which is and will remain for the policy term qualified and authorized by the State of Nebraska Department of Insurance to write in the State of Nebraska policies of Errors and Omissions Insurance of the type contemplated by this Chapter;
- d. which, after competitive bidding, has been notified by the Commission that it is the successful bidder for the Group Plan to provide the Errors and Omissions Insurance contemplated by this Chapter; and
- e. which has entered into a contract to provide said group errors and omissions plan in conformity with said contract, this Chapter, and the Nebraska Real Estate License Act.

003.02 The group policy obtained by the Commission under this Chapter shall be available to all licensees with no right on the part of the carrier to cancel any licensee.

003.03 The group policy obtained by the Commission shall be subject to such terms and conditions as are customary in the insurance industry for such policies of insurance, which are otherwise permissible under Nebraska law and the rules and regulations of the State of Nebraska Department of Insurance, and which are contained in a policy of insurance which has been approved by the State of Nebraska Department of Insurance; provided, however, that said Group Plan shall provide, at a minimum, the following terms and conditions:

- a. not less than \$100,000.00 combined single limit liability coverage for each occurrence;
- b. an annual aggregate limit of not less than \$300,000.00;
- c. a deductible amount of not greater than 3% of the total combined single limit liability coverage amount for each occurrence;
- d. the minimum coverage requirements of this subsection shall apply to each individual licensee; and
- e. a reasonable premium not to exceed the maximum premium set forth in section 81-885.55 of the Nebraska Real Estate License Act, as amended.

003.04 For the purposes of these regulations and the fulfillment of the Commission's obligations under the Nebraska Real Estate License Act, approval by the State of Nebraska Department of Insurance of the group policy of Errors and Omissions Insurance to be issued pursuant to this Chapter shall be conclusive proof that the terms and

conditions of said policy meet the standards and practices in the insurance industry with respect to such policies, and that said policy meets the requirements of Nebraska law and of the rules and regulations of the State of Nebraska Department of Insurance with respect to such policies of insurance.

004. Licensees may obtain equivalent Errors and Omissions Insurance independently of the Group Plan available from the Commission; subject, however, to the terms and conditions set forth in Sections 004.01 and 004.02 of this Chapter.

004.01 The term "equivalent insurance" shall mean a policy of Errors and Omissions Insurance which shall provide the following terms and conditions:

- a. Covers all activities contemplated under the Nebraska Real Estate License Act, under such terms and conditions as are customary in the insurance industry for such policies of insurance, which are otherwise permissible under Nebraska law and the rules and regulations of the State of Nebraska Department of Insurance, and which are contained in a policy of insurance which has been approved by the State of Nebraska Department of Insurance;
- b. Specifies not less than \$100,000.00 combined single limit liability coverage for each occurrence;
- c. Specifies an annual aggregate limit of not less than \$300,000.00;
- d. Specifies a deductible amount of not greater than the deductible amount specified in the group policy secured by the Commission for the calendar year during which the equivalent insurance goes into effect. Any equivalent insurance which extends into a calendar year when the deductible on the group policy has changed effective January 1 of the year may retain the deductible amount until such time as the equivalent insurance is renewed or renegotiated in that calendar year;
- e. The minimum limits specified in b. and c. above shall be available to each licensee; and
- f. The terms and conditions set forth above shall apply for equivalent insurance, filed with the Commission, to show compliance with this subsection for the annual renewal of a license.

004.02 For the purposes of these regulations and the fulfillment of the licensees' obligations under the Nebraska Real Estate License Act, approval by the State of Nebraska Department of Insurance of the policy of equivalent Errors and Omissions Insurance covering the licensee shall create a presumption that the terms and conditions of said policy meet the standards and practices in the insurance industry with respect to such

policies, and that said policy meets the requirements of Nebraska law and of the rules and regulations of the State of Nebraska Department of Insurance with respect to such policies of insurance.

004.03 A carrier issuing a policy of equivalent insurance shall meet all of the requirements of a qualified carrier set forth in Subsections b and c of Section 003.01 of this Chapter, and shall maintain an A.M. Best Company rating of "B+" or better and an AM Best Financial Size Category of Class VI or higher.

005. Any applicant for issuance of an original license on active status or renewal of a license on active status shall not be issued such active license unless he or she has been certified in writing by the Group Plan Administrator as being covered thereunder, or unless he or she shall have first caused to be filed with the Commission the certificate of coverage required by Sections 001 and 002 of this Chapter.

006. Failure of the Group Plan Administrator to provide certification of coverage under the Group Plan or failure of the licensee to cause to be filed the certificate of equivalent coverage required by Section 001 of this Chapter shall result in inactivation of any active license issued pursuant to the Nebraska Real Estate License Act.

006.01 For purposes of this Section, the effective date of inactivation shall be the date on which the Errors and Omissions Insurance of said active licensee is scheduled to expire, as reflected in the certification by the Group Plan Administrator or the certificate of equivalent coverage filed by, or on behalf of, the licensee.

006.02 Within five working days of the date of inactivation under this Section, the Commission shall cause to be sent, by certified mail to the licensee's residence address as reflected in the records of the Commission Office, a notice to any affected licensee of the inactivation of license.

006.03 Any licensee whose license has been subject to inactivation pursuant to this Section shall be entitled to activation of said license, relating back to and including the date of inactivation, provided that, within thirty days of the date of inactivation, the licensee or Group Plan Administrator files with the Commission a certificate of coverage showing that such coverage has been and is currently in effect on and from the date of inactivation, and the licensee submits required transfer documents and fees. In the event the certificate of coverage shows an effective date later than the date of inactivation, said license shall be activated as of the effective date of said insurance, as reflected in the certificate of coverage, and upon submission of required transfer documents and fees.

007. Any licensee who, acting alone or in concert with others, willfully or knowingly causes or allows a certificate of coverage to be filed with the Commission which is false, fraudulent, or misleading, shall be subject to sanctions, including but not limited to suspension or revocation of license, after complaint, notice, and hearing provided for in the rules of the Commission;

provided, however, that nothing herein shall entitle such licensee to notice and hearing on the automatic inactivation of license provided for in Section 006 of this Chapter.

Laws 1973, LB 68, §10; RS 1943, §81-885.07(5), R.S. Supp., 1974.
Effective date September 2, 1973.